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The Revitalization of Underground Atlanta

A TRANSIT-ORIENTED, MIXED-USE DEVELOPMENT

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Literature Review

Revitalization of downtowns and central business districts has been an ongoing discussion and challenge for a number of cities, both domestically and internationally. As urban planners and local governments seek to develop methods to rejuvenate the urban core, some older approaches can be revisited, but they must consider the culture and demand of modern residents.

This literature review will highlight some contemporary research that defines transit-oriented development along with mixed-use development based upon the purpose they serve and the opportunities they afford to the cities implementing them. Despite the large amount of research conducted that supports these development types, there are challenges with implementing them and negative socio-political consequences to be considered.

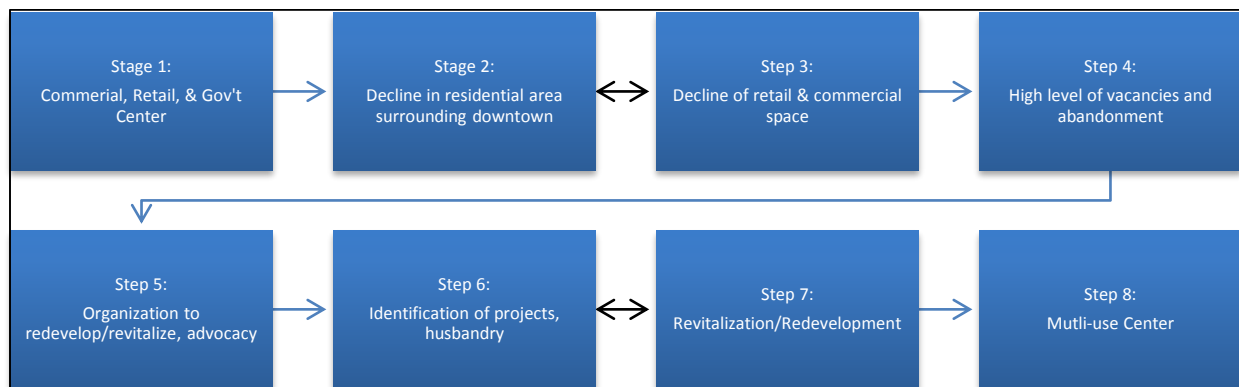
In an attempt to revitalize the downtown and the historic landmark district of Underground Atlanta specifically, the traditional mixed-use and transit-oriented development approaches will be assessed for viability as options to leverage. The challenges and the potential negative consequences presented by both of these development types can and must be addressed early in the development process as projects are structured for long-term success and sustainability.

Principles for Downtown Revitalization

As cities embark on the task of renewing their downtowns there are some processes and approaches that can be shared, while tailored to accommodate the unique market and character of each geographic area. The traditional, 8-stage development process is a framework to utilize in this fashion as it charts out the typical steps and where they may influence one another as listed

below in Figure 1. This model is a general structure to reference, but will not hold true for all cities and scenarios. These steps will provide themes for assessing downtowns and the factors that have contributed to their decline as well as their resurgence from historical, political, economic, and social perspectives since the development process in itself is lengthy, but highlights the need for strong organization and advocacy to achieve success (Faulk, 2006).

Figure 1 – Stages of the Downtown Development Process



Source: Faulk, 2006

Given the dominance of the automobile and effects of suburbanization, cities must also make adjustments to attract consumers back to the former retail corridors of downtowns that were cannibalized, to a degree, by suburban malls. To counter the allure of convenience by proximity and the perception of greater safety, downtowns must consider strategies that allow them to provide a unique alternative to suburban malls or present a multi-use experience that includes retail, but not as the dominant use, to encourage a behavioral and psychological change among tourists and local residents about downtowns (Robertson, 1997). Addressing the perception of danger and safety concerns is paramount and the revitalization process includes the orchestrating of activity that not only fosters around the clock pedestrian activity beyond typical

business hours, but also the residential repopulation of downtowns (Thompson and Brawley, 2000). Some other portions of Thompson and Brawley's research on British cities emphasized the importance of investments in infrastructure around public transit and other modes of transport utilized by the public. The perception of danger and a lack of safety also convey a potential lack of confidence by the public in police to foster an environment they are comfortable within, which is a problem that must be addressed as well (Thompson and Brawley, 2000).

In 2005, Christopher Leinberger introduced a development process model through the Brookings Institution that illustrated the amount of time, financial investment, and collaboration required to revitalize a downtown. The "Twelve Steps to Revitalization" consist of the following action items: (1) capturing the vision, (2) developing a strategic plan, (3) forging healthy public/private partnerships, (4) making the right thing easy, (5) establishing business improvement districts (BID) and other non-profits, (6) creating a catalytic development company, (7) creating an urban entertainment district, (8) developing a rental housing market, (9) pioneering an affordability strategy, (10) focusing on for-sale housing, (11) developing a local-serving retail strategy, and (12) re-creating a strong office market (Leinberger, 2005).

As experienced by citizens and noted in previously discussed research, even public officials have feelings of discontentment and "disdain for the areas bordering Atlanta's main government buildings downtown," as expressed by Councilman H. Lamar Willis during an interview with Creative Loafing (Green, 2013). In an attempt to instill a new vision for downtown Atlanta, the City Council has vowed to establish a technical advisory group to commit to developing a plan for the revitalization of Atlanta.

The struggles with revitalizing downtowns today must consider the actions of the past that were quick responses to the rapid migration of business and industry, along with residents,

out of downtowns. Robert Goodman and Hunter Hogan questioned whether or not downtown revitalization efforts should be centered upon the retail businesses and consumer shopping experience or taking a step back to redevelop downtowns in their entirety (Schretter, 1963/1967). The public and private sector experiential knowledge, especially that of local business owners, could be considered and capitalized upon by planners, developers, and elected officials to determine the most appropriate steps to take in realizing greater visions and rebranding their cities.

Transit Oriented Development and Mixed-Use Defined

Transit oriented development is typically viewed as development within a comfortable walking distance of a transit station that includes employment opportunities, retailers to accommodate shopping needs, and medium to high-density housing options, which has gotten the attention of cities around the U.S. TOD projects are also viewed as a means to increase density, which could result in increased ridership and revenue streams for the regional service provider, decreased traffic congestion for municipalities, and improved city experiences by both local residents and visitors. The push for higher densities can also result in lower housing costs by reducing the daily travel expenses typically aligned with regular automotive usage.

The concept of mixed-use development is not a new concept, but rather an approach utilized prior to the period of industrialization as well as mass transit. It entailed residents living in walkable environments that granted access through proximity to resources for employment and addressing basic daily needs. The concentration of employees within the urban core also served as the stage for regular social interaction to take place between neighbors, employees, and business owners.

To further outline the mixed-use development concept, a collective agreement by the majority of members of BOMA (Building Owners and Management Association), International Council of Shopping Centers (ICSC), National Association of Industrial and Office Properties (NAIOP), and National Multifamily Housing Corporation (NMHC) was established to determine its definition through a survey of their collective membership in 2006. The industry definition noted by Nemea, states, “a mixed-use development is a real estate project with planned integration of some combination of retail, office, residential, hotel, recreation or other functions. It is pedestrian-oriented and contains elements of a live-work-play environment. It maximizes space usage, has amenities and architectural expression, and tends to mitigate traffic and sprawl” (Neimera 2004, p.54). The key to differentiating between mixed-use development projects and multi-use projects is to note that mixed-use typically involves the inclusion of at least three different use types within a specific site. Multi-use projects consist of a combination of different physical structures that usually span more than one site and present a variety of uses.

Composition of MUDs

Mixed-use projects are defined and structured based upon the strategy behind the intended use of the facility. According to Rabianski (2007), the primary mixed-use development approaches consist of the cornerstone use or the dominant use, which can guide a project in a number of directions to achieve viability in the local market. The cornerstone use builds itself upon the premise of leveraging the primary use as the most profitable and viable entity out of the project. This also requires the inclusion of uses that are compatible with one another and not detrimental to the life of the project. When approaching projects from the dominant use

perspective, the driving force to the development is building around a component that is robust and secure financially even if it is not the cornerstone use.

The Benefits and Challenges of MUD/TOD

One of several different findings in a study performed by Hollie Lund (2006) on the rationale for moving into a transit-oriented development and the impact it has on public transit was the significant increase in transit utilization. Lund noted that the likelihood of transit usage is 13-40 times greater for TOD residents in comparison with those not living in a TOD. Not only do TOD projects potentially result in increased revenues for the transit systems, but can also lead to increased property values on land within close proximity of rail stations serving as sites for TOD work. Local governments can also anticipate greater tax revenues, higher densities that could lead to more urban activity, and further interaction between the public sector, private sector, and the general public.

Aside from being able to resolve issues of connectivity between employment opportunities and urban, working families in need of access to jobs that provide a livable wage there are some other provisions TODs intend to offer. Cities are contending with aging populations that require access to healthcare resources; alternatives to driving such as transit, walking, or bicycling; and housing options that are more convenient to these amenities. This, however, is more than just a desire of the aging “baby boomers” and “empty nesters.” With the intention being to foster livable communities that differ from developments of the past, Dittmar and Potticha (2004) authored a revised definition of TODs to provide a new approach to accomplishing some pertinent goals moving forward: location efficiency, a rich mix of land uses, value capture, place making, and resolution of the tension between node and place. Place

making in itself aims to transform urban environments into settings that truly accommodate the needs, wants, and desires of the residents to promote an improved quality of life and support the anticipated demand for urban living.

The long-term viability of a project is heavily influenced by the ability of a management team to maintain its economic vitality and stakeholder engagement, which includes maintaining the public/private investment (Dittmar and Potticha, 2004). Developers, local authorities, and members of the community must all acknowledge that the approach to TODs must be fluid for a project to address the needs and demand from the surrounding neighborhoods and market in a cohesive manner. One of the challenges uncovered with TOD projects also pointed out by Lund was acknowledged that even with the significant increase in transit use by residents, the behavior itself cannot definitely be attributed to the TOD, or verify if it was a pre-existing behavior. These projects now bear the task of validating their impact on public behavior in an automobile dominated culture that holds fast to individual independence. Debates have occurred about how much capital market stimulation should be injected into fostering TODs through incentives like tax abatements and density bonuses, instead of it being a natural by-product of investment activity. Critics question the true economic impact of TODs/MUDs when they require a tremendous amount of public investment to occur. The unresolved question at this time is whether or not the return on investment justifies the growing trend to these types of projects by cities around the country.

Increased property values and the reduced affordability of homes within many TOD projects has led to situations like that in Portland, Oregon with Orenco Station. Critics of this development, recognized as a 1999 America's Best Planned Community, have pointed out that much of the housing costs are 30% higher than the national average and ridership is an

inaccurate measure of success since nearby corporations began shuttle services to the station, therefore creating more street congestion (TRB, 2004). While these projects tout environmental benefits and greater non-automotive modes of travel, there are unintended consequences that tend to occur and must be addressed in hope of mitigating them in the future. Increased land and property values and rents ultimately lead to gentrification and the displacement of the low and middle-income families that transit oriented development projects would assist most. Plans must be made to carefully provide affordable housing, mixed uses, access, and other amenities to provide and protect the equity of households with low levels of financial capital (Pendhall, 2012). The high property values of land in the urban core also poses challenges for future development through policies implemented by local governments that may not support developers in a manner that encourages investments in downtowns. Faulk (2006) explicitly noted that the role of local government is to address these barriers, especially in situations where the most feasible development project may not constitute the highest and best economic use of the land. The secondary benefits to the public are noteworthy, but often times not measured.

The financial challenges associated with MUD projects are also a critical component to manage and maximize efficiencies around. In addition to the other concerns about safety, these projects must acknowledge the potential psychological impact vacancies can have on residents (Heckman, 2013). Determining the most appropriate mix of uses is important in efforts to provide the best customer and resident experience, while locating retail or business entities that fulfill a need and are economically viable for the long-term and not simply a short-term timeframe.

Sustainability & Community Development

The impact of TOD and MUD projects on a community can be substantially positive depending on the intent and focus of the projects in conjunction with the stakeholders involved in the planning and development processes. Local governments have struggled with the consequences of sprawl, which led to businesses and residents relocating outside of the urban core and fostering a lack of connectivity and access between low and moderate-income families in addition to employment opportunities with a sufficient wage. Transit-oriented development grants local governments an opportunity to encourage urban living in a manner that can alleviate the fragmentation of communities and disenfranchisement of the moderate and low-income households by serving as a “linchpin” between opportunities and “the working poor” (Smith and Brooks, 2013).

The revitalization of downtowns can also be a goal approached from a non-traditional perspective in that greater emphasis can be placed on the knowledge and experience of the local community members versus that of the professional developers and governing bodies as mentioned previously. As recommended through the research by Kures and Ryan, an assessment of community organizational capacity can be taken into consideration while undertaking revitalization efforts through a community economic development lens that promotes the re-establishment of physical assets instead of simply adding (Kures and Ryan 2010). The historical character and makeup of the downtown community, in addition to the access points it possesses, could serve as the competitive advantage to positioning downtown as a unique experience that cannot be replicated, nor does it attempt to duplicate a suburban experience, like the suburban malls.

Conclusion

The evolution of transit-oriented development has led to an incorporation of a mixed-use development ideology that has also changed over time. As cities, such as Atlanta, continue their search for redevelopment strategies to revitalize their respective downtowns, the characteristics and needs of the surrounding business and residential community must be fully considered. Transit-oriented development in Atlanta at the Five Points MARTA Station can be utilized as an opportunity to consider using mixed-use development strategies to revitalize historic Underground Atlanta and create an amenity to attract tourists, accommodate the employee and student population, and provide valuable resources to residents of the surrounding communities. In order to provide a resource that improves the community for all parties, transit-oriented development and mixed-use approaches must consider a composition that suits the market for fiscal viability, equitable opportunities for employment and housing, and provisions of access to resources that create a positive and distinct experience for all patrons.

History of Underground Atlanta

Though a seemingly forgotten icon within the City of Atlanta, the Underground Atlanta Historic District is a symbol of the original city-center for business development and host of regular visitors by train. The iconic tourist attraction within the urban core was the epicenter of trade, transport, and commerce-the underpinnings of economic vibrancy.

The latest effort to revitalize the site entailed a vision of a festival marketplace, a development retail product type that was quickly gaining notoriety around the country at the time. To the tune of \$142 million, the City of Atlanta and several private investors agreed upon

a joint venture known as the Underground Atlanta Joint Venture by 1985. After Mayor Andrew Young made the revitalization effort a priority during his tenure and several years of dialog and negotiations, the venture was established to include the likes of The Rouse Company, H.J. Russell and Company, and Kinley Enterprises Inc. The original plan anticipated a redevelopment and re-opening of the facility in 1986, but finalizing the financial structure and securing the funding proved more difficult than expected. The project leveraged a one-percent local option sales tax, but the receipt of a \$10 million UDAG, which was \$5 million less than anticipated and improper financial projections, led to a \$15+ million shortfall and a delay of the project. CDBG funding was also included in the discussion of program utilization. Despite the shortfall, the city continued moving forward, paying for items from the general fund in excess of \$1 million before finalizing a public-private partnership that included the City of Atlanta, Underground Festival Development Company (UFDC), Underground Atlanta Joint Venture (UAJV), Downtown Development Authority (DDA), and Underground Festival Incorporated (UFI).

Current State

The present iteration of Underground Atlanta is a result of significant public and private investment in the area of \$142 million, in which \$85 million of it was secured through a bond resolution with the DDA. The 225,000 square foot facility, on a 12-acre site, was projected to add 3,000 jobs to the local economy and provide \$800,000 worth of annual sales tax revenues to the City of Atlanta. According to the 2012 Comprehensive Financial Report published by the City of Atlanta the site actually had a deficit of \$5,780 at the conclusion of the 2012 fiscal year in June 2013 because of operating revenue deficiencies (Beard & Reed, 2012). Since 2004, the

facility has averaged \$497.1 million in annual revenue. The deal brokered with the developers, Dan O’Leary and John Aderhold, as the operators of the facility, included an 88-year lease with a \$100,000 minimum annual debt service to the city, which would only increase if the annual revenue target was exceeded, which was expected by all parties. However, O’Leary and Aderhold have not had to contribute a sum greater than \$100,000 per year, since Underground Atlanta has never been yet to meet or exceed the threshold, which has left the city with an unanticipated perpetual financial burden and attested to the struggles of the site.

With vacancies rates for the site in excess of 18% there is a considerable, documented underperformance in terms of the provision of employment opportunities through Underground Atlanta and the businesses residing within it. As previously noted the project was expected to provide 3,000 jobs that could impact the unemployment rate of local residents, but to date the facility. The patronage of Underground Atlanta has been far from consistent over the last decade, with the greatest spikes in visitor traffic is a result of the annual New Year’s Eve celebration and events at the surrounding sites where pedestrians utilize the facility as a pass-through to their destination without actually stopping to support the retailers.

The Appeal of Underground Atlanta

Despite the repetitive challenges incurred by the site there are a number of attributes that continue to make it a topic of discussion for revitalization. Placement along the Peachtree Street corridor and immediate access to public transit through the Five Points MARTA Station, which boasts a daily ridership of 22,821, access to over 5,000 businesses and 111,000 employees within a 1-mile radius provides a substantial amount of access to assets and the opportunity supply resources for the demand generated by these groups. The proximity to Georgia State University,

which has a student population exceeding 32,000, including over 4,000 students residing in on-campus housing (Forbes, 2013). The current and future development taking place within a 1-mile radius includes the Atlanta Streetcar project, pending Georgia Multimodal Passenger Terminal, and continued unfolding of the Green Line Plan being shared by Central Atlanta Progress for connectivity between Philips Arena and the Georgia State University MARTA Station as a “dome to dome” development plan to encourage private investment for a revitalization of the central business district.

Study Area & Demographics

For the purpose of this research and analyses multiple concentric rings at ¼-mile, ½-mile, 1-mile, and 3-mile radii from Underground Atlanta were used to define the study area. Within this study there were several key factors to consider in respect of the geographic and political boundaries of the Atlanta-Marietta-Sandy Springs Metropolitan Statistical Area (MSA). At a ¼-mile radius, which is the primary radius considered by investors, developers, and other stakeholders to assess the viability of a site for TOD projects, there are 2 Census Tracts, 3 Census Block Groups, and 1 County (Fulton) captured in full or partially. As noted in Table 1 there is a considerable amount of variation that was expected by expanding the distance to assess the surrounding communities of potential impact for development.

Table 1 - Study Area Defined

Radius (miles)	# of Census Tracts	# of Census Block Groups	# of Counties	County Name(s)
1/4	2	3	1	Fulton
1/2	9	10	1	Fulton
1	21	26	1	Fulton
3	77	46	2	Fulton, DeKalb

Source: Social Explorer - ACS 2006 -- 2010 (5-Year Estimates)

Population

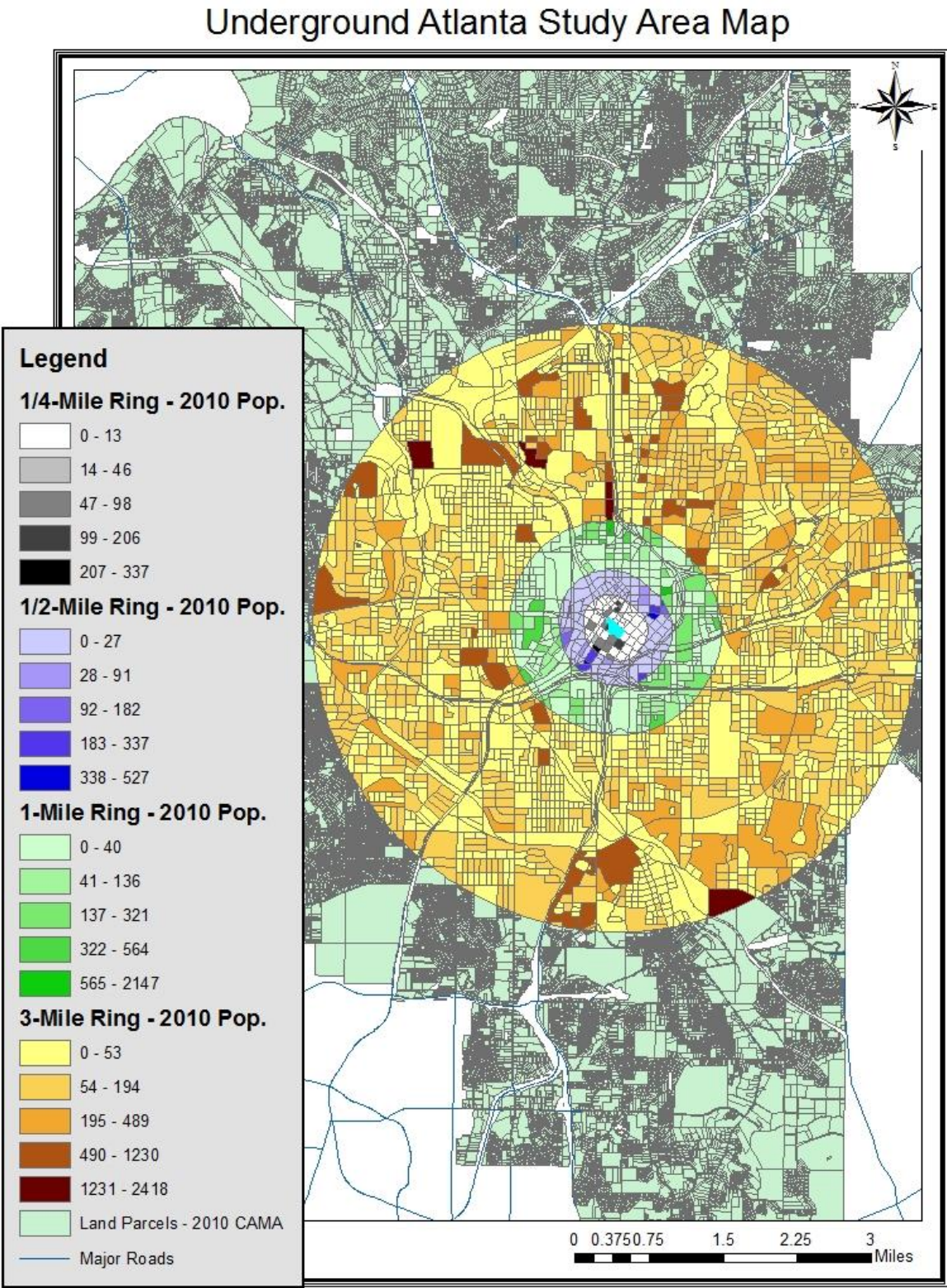
Block Group data from the 2010 Decennial Census was utilized to gain a further understanding of the demographics of the study area before considering the remainder of the population in Downtown Atlanta or the Atlanta-Marietta-Sandy Springs MSA for some of the analyses conducted and noted later in this paper. The population within a ¼-mile radius of Underground Atlanta and details regarding the income levels with the same ranges highlight the disparity in purchasing power and assumptions of discretionary income available, which will be discussed in greater detail later. As depicted in Table 2, in 2010 there were a total of 1,737 people across 939 households resulting in an average household size of 1.85 people.

Table 2 - Block Group Population

Radius (miles)	Population	# of Households
1/4	1,737	939
1/2	5,110	2,606
1	24,599	12,672
3	168,498	92,813

Source: Social Explorer Tables (SE), Census 2010, Census Bureau; Social Explorer

Figure 2 – Underground Atlanta Study Area Map



Income

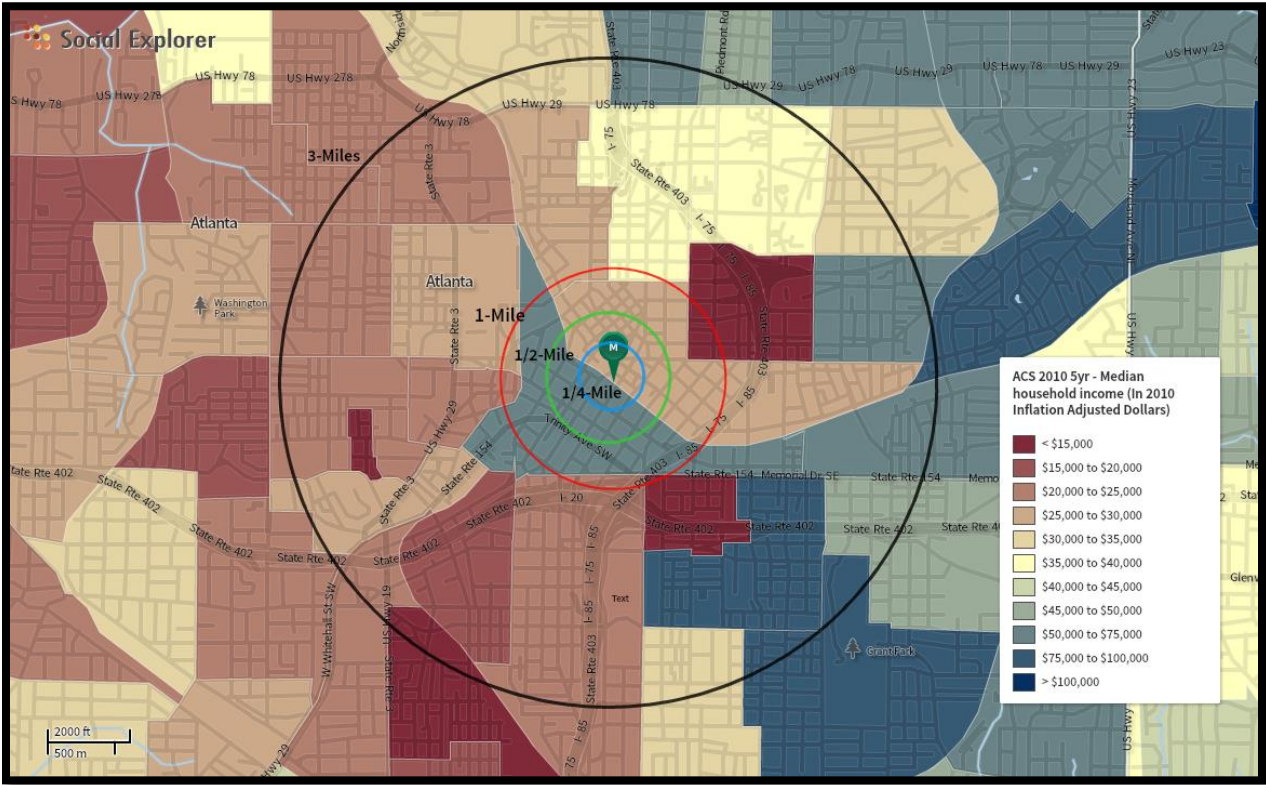
Income levels and poverty rates within the study area vary significantly, especially when the 3-mile radius was analyzed. The highest median income level was found in the ¼-mile radius at \$60,452, whereas the lowest median income level was \$30,107 and representative of just the ½-mile radius. The full income distribution can be viewed in Table 3, which illustrates the figures in 2010 inflation-adjusted dollars.

Table 3 - Income Distribution

Radius (miles)	Median HH Income (Census Tracts)	Median HH Income (Census Block Groups)
1/4	\$41,040	\$60,452
1/2	\$26,488	\$30,107
1	\$31,707	\$33,834
3	\$43,979	\$45,626

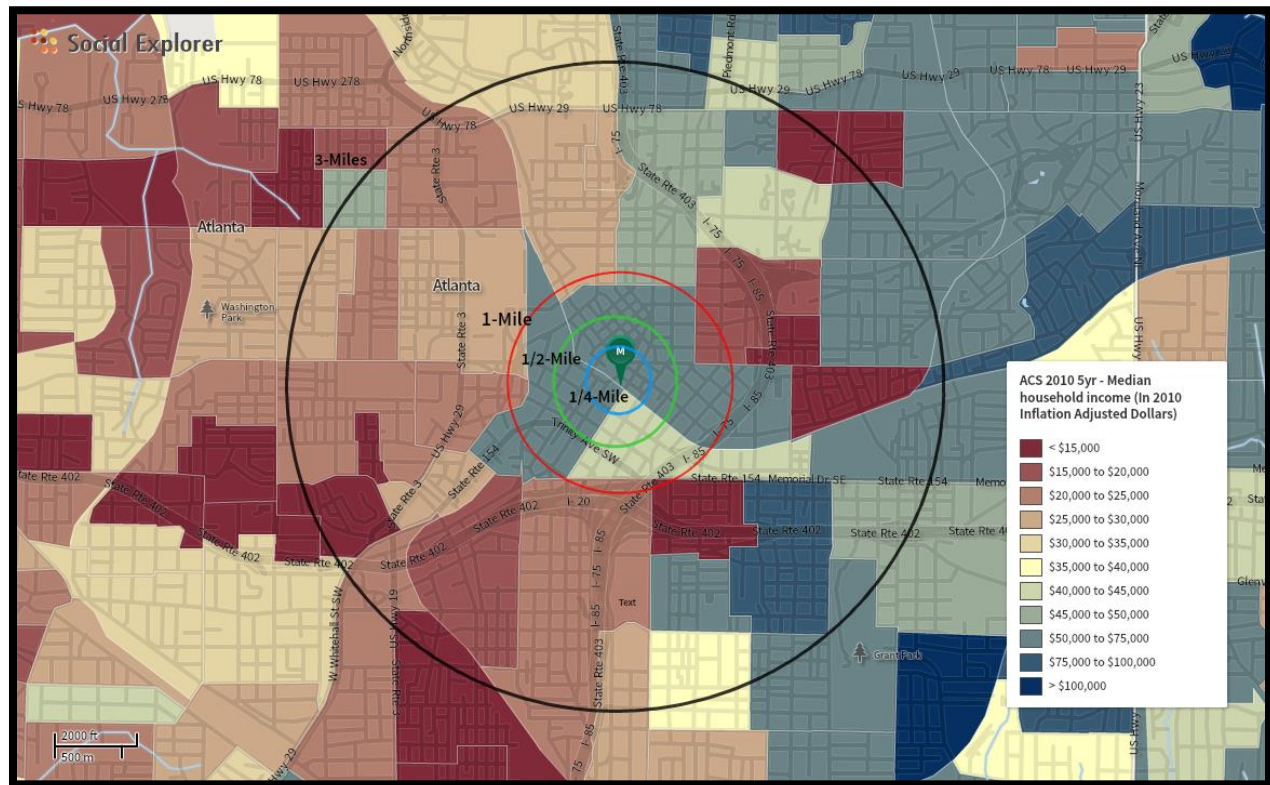
Source: Social Explorer Tables (SE), Census 2010, Census Bureau; Social Explorer

Figure 3: Income Distribution at the Census Tract Level



Source: Social Explorer - ACS 2006 -- 2010 (5-Year Estimates)

Figure 4: Income Distribution at the Census Block Group Level



Source: Social Explorer - ACS 2006 -- 2010 (5-Year Estimates)

From the perspective of the block groups within the 3-mile study area surrounding Underground Atlanta the level of poverty mirrors the behavior of the previous table depicting income distribution. Noticeably, the greatest concentrations of people aged 18-64 that were categorized as “Doing Ok” resided in the 1/4-mile radius of dispersed throughout the 3-mile study area continue to impact the region. In reviewing the same details for the census tracts it was determined that 21.6% of the families living within a 3-Mile radius exhibit incomes below the poverty level. Families that consisted of a female householder with related children under the age of 18 and no husband present accounted for 14.4% of this population. In assessing income in relation to the poverty level the data showed that 25.3% of the population had income below

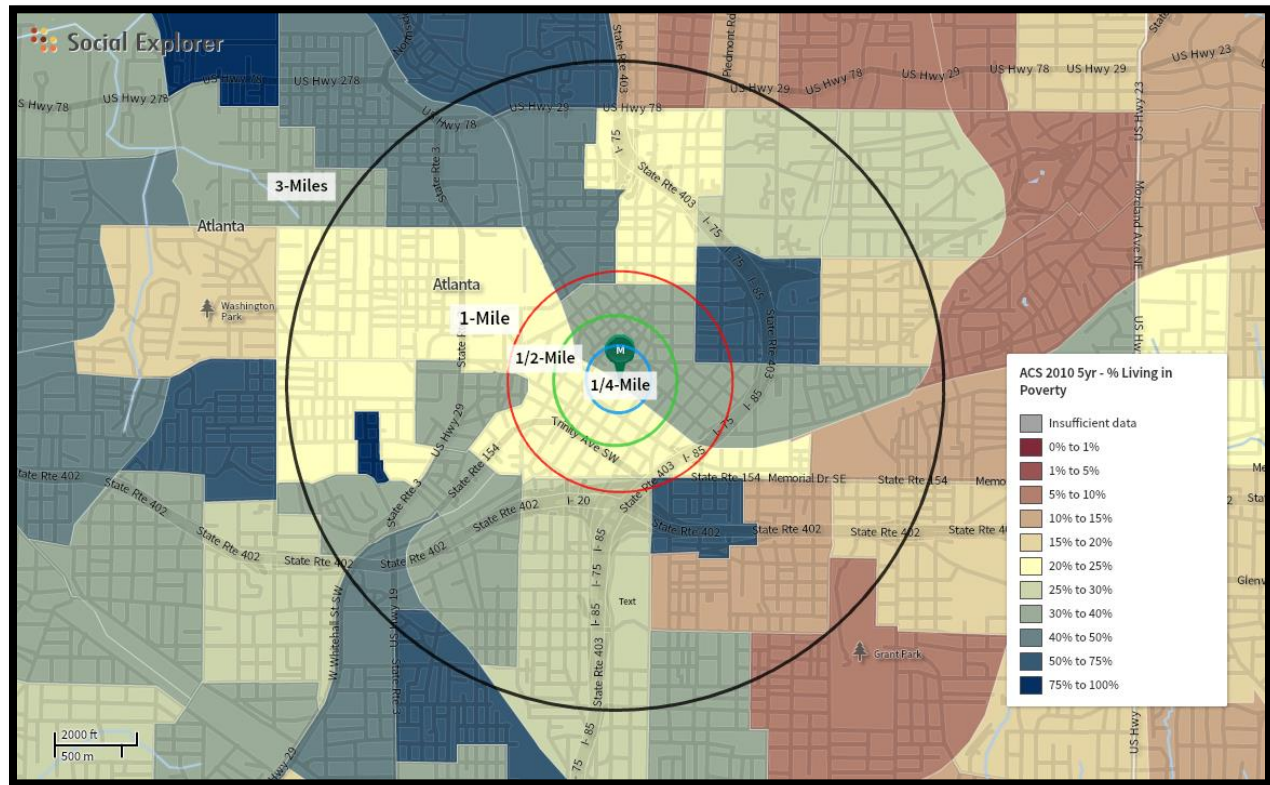
the poverty level, while 56.1% had incomes that were at least double the poverty level. For those living just above the poverty level with an income ratio of 1.0-1.49 of the poverty level they accounted about 10.1% of the population in the study area. The prevalence of poverty within the study area can be seen in Table 4, where those categorized as “Doing Poorly” account for a minimum of 22.3% across all 4 geographical ranges.

Table 4 - Ratio of Income in 2010 to Poverty Level (Population Aged 18-64)

Radius (miles)	Under 1.00 (Doing Poorly)	1.00 to 1.99 (Struggling)	Under 2.00 (Poor or Struggling)	2.00 and over (Doing ok)
1/4	22.3%	13.1%	35.4%	64.6%
1/2	37.0%	20.8%	57.8%	42.2%
1	32.5%	19.6%	52.1%	47.9%
3	28.9%	19.4%	48.2%	51.8%

Social Explorer Tables: ACS 2006 to 2010 (5-Year Estimates) (SE: T118), ACS 2006 -- 2010 (5-Year Estimates), Social Explorer; U.S. Census Bureau

Figure 5 - Population Living in Poverty by Census Tracts (Population Aged 18-64)



Source: Social Explorer - ACS 2006 -- 2010 (5-Year Estimates)

Race

The racial composition of the study demonstrates a pattern that closely mimics that of the income and income-to-poverty ratio distribution previously noted. As the distance from Underground Atlanta increases, the presence of White residents increases with the exception of the large decrease seen between the 1/4-mile and 1/2-mile rings. The opposite takes place regarding the Black or African-American population, which dramatically increases within the rings that reflect lower income and higher concentrations of poverty as noted in Table 4. The presence of other racial groups remains fairly consistent throughout the study area as shown in Table 5, with the exception of those accounted for in the “Some other race alone” classification,

which denotes a substantially higher percentage of people in the ¼-mile radius in comparison to its representations in the larger geographic rings.

Table 5 - Study Area Racial Composition

Radius (miles)	White alone	Black or African-American alone	Amer. Indian and Alaska Native alone	Asian alone	Hawaiian or Pacific Islander alone	Some other race alone	Two or More Races
1/4	40.9%	44.4%	0.9%	3.8%	0.0%	6.0%	4.1%
1/2	23.4%	66.3%	1.3%	4.5%	0.0%	1.9%	2.6%
1	25.6%	65.9%	0.5%	3.6%	0.1%	1.7%	2.6%
3	43.1%	48.2%	0.3%	4.4%	<.0001	1.6%	2.4%

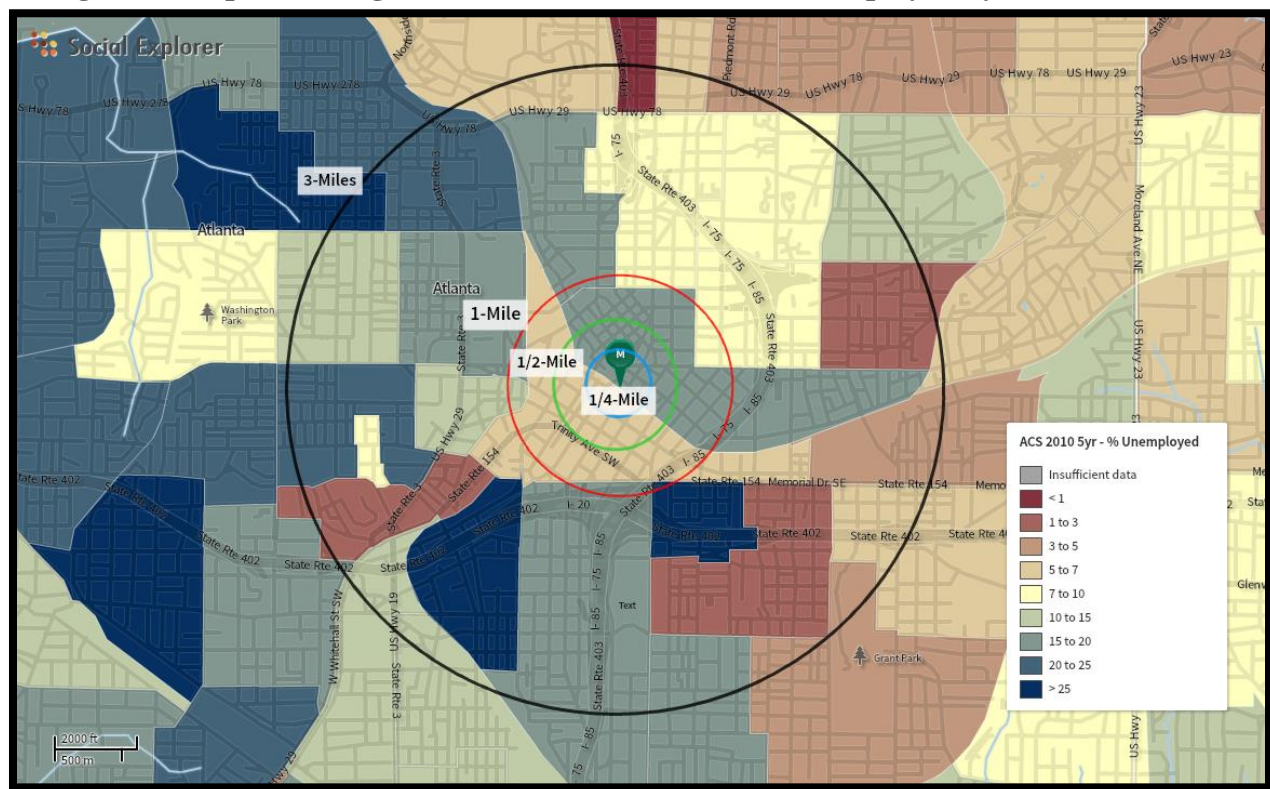
Source: U.S. Census Bureau, 2006-2010 American Community Survey

Employment

In comparing the concentric rings of the study area there were several noticeable indicators for both male and female workers in relation to occupation and industry sectors. Male workers were primarily employed within Management, Business, and Financial operations or Professional occupations across the census tracts and the concentration of males in these roles increased as distance away from Underground Atlanta increased. The same behavior occurred with Sales and related occupations, while Office and Administrative support roles accounted for 15.1% of employed male workers within 1/4 mile of Underground Atlanta, but decreased with distance to 7.3% at a 3-mile radius. Female workers experienced concentration of employment in the same occupations, however, some variation existed with relation to distance from Underground Atlanta. Management, Business, and Financial roles are not as occupied by women and illustrate a reduction in women employed with the increase in distance from downtown Atlanta. Office and Administrative Support roles grew as the rings expanded 260% from 5.4% to 13.8%.

Industry employment for male workers held constant around 70% within the Private sector. On the other hand the Self-Employed sector fell by 6%, between ¼ and ½ mile of Underground Atlanta, before holding constant around 11%. Women saw their Private Sector roles steadily reduced as the distance from the urban core increased. Self-Employed sector roles initially decreased after expanding from ¼-mile to ½-mile from Underground Atlanta, but experienced a 136% improvement between the 1-mile and 3-mile distances. Seemingly, female workers have a stronger occupational presence in all sectors the further they are from Underground Atlanta and downtown.

Figure 6 - Population Aged 18-64 in the Labor Force: Unemployed by Census Tracts



Source: Social Explorer - ACS 2006 -- 2010 (5-Year Estimates)

Housing

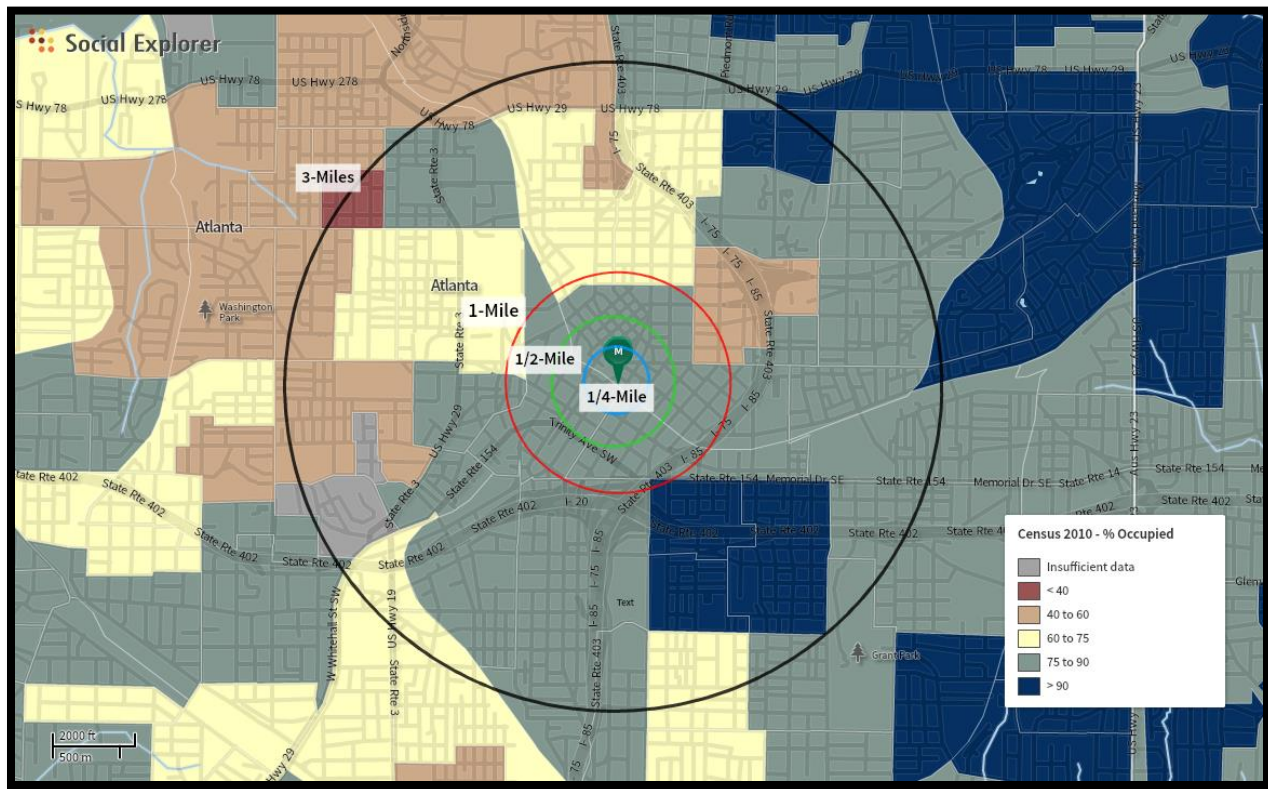
The occupancy rates of the housing units available throughout the study area remained consistent at an average of 75.6%, but substantial differences were seen with the mix of renters and owner-occupied structures. According to Table 6, Owner-occupied units steadily increased in concert with distance from Underground Atlanta with the exception of a large reduction between ¼ and ½-mile of the site. The inverse behavior was illustrated with renter-occupied units for the same study area. The noticeable shifts between ownership and renting can also be attributed to the disparities in median household income levels and poverty across the study area as noted earlier.

Table 6 - Housing Status (in percentages)

	1/4-Mile	1/2-Mile	1-Mile	3-Miles
Owner-Occupied	40.7	27.2	33.8	46.1
Renter-Occupied	59.4	72.9	66.2	53.9
Occupancy Rate	76.7	73.7	74.5	77.3

Source: Social Explorer Tables: ACS 2006 to 2010 (5-Year Estimates)

Figure 7 - Population Aged 18-64 in the Labor Force: Unemployed by Census Tracts



Source: Social Explorer Tables (SE), Census 2010, Census Bureau; Social Explorer

Assessing the Atlanta Market

Economic Analysis

The Atlanta economy experienced multiple changes as a result of the national economic activity from 2000-2010. Despite being recognized as one of the fastest growing cities in the U.S. prior to the “Great Recession,” growth was recorded at a rate of 0.8% from 2000-2010.¹ Much of this has been attributed to the population growth that has been noticed in the northern suburbs beyond the City of Atlanta and the out-migration of Blacks to the suburbs during this

¹ Atlanta Regional Commission 2010 Report on Population Statistics.

time period. The housing market within the city saw 37,000 housing units added to the inventory, vacancy rates climb as high as 18.1% during the recession, and an addition of only 3,500 residents. Within the urban core, vacancy rates for the neighborhoods climbed as high as 55.6% in 2010 according to the Bureau of Economic Analysis.

Going forward, the City of Atlanta is projected to grow from 420,003 residents and 163,759 households in 2010 to 521,953 residents and 192,648 households in 2020 (Atlanta Regional Commission, 2011). This also means the mean household size will also increase from 2.47 to 2.71 people per household. Employment continued to improve as well with an annual growth rate of 2.85% from 2010-2012. Taking this into consideration along with the projected population growth could result in the increase in demand needed to foster greater opportunities to investment and development to accommodate future needs. Per capita personal income of \$40,963² in 2012 was 8% below the national average, ranking Atlanta 136th in the country in comparison to a ranking of 38th in 2002. The housing vacancy issue presents an additional challenge for future development since the City of Atlanta had an inventory of 224,573³ housing units in 2010, which based on the population and household size at the time and market analysts typically being comfortable with a vacancy rate of 8%, there was an excess of 21,465 units in the market that needed to be absorbed once demand increased.

Based upon figures from the 2008-09 time period the average household composition of the Atlanta-Marietta-Sandy Springs MSA was as follows: 2.4 persons, 0.6 children under the age of 18, 0.2 persons over the age of 65, 1.4 earners, 1.8 vehicles, and 67% of which are homeowners. Expenditures for consumers within the MSA are listed in Table 7 below, in which

² Bureau of Economic Analysis – BEARFACTS; per capita personal income increased by 2.7% from 2011.

³ 2010 Census – Summary File 1, QT-H1 Report

the greatest allocations of income are housing, food, personal insurance and pensions, and retail purchases.⁴

Table 7 - 2008-09: Annual Consumer Expenditures - Atlanta MSA

Category	Sub-Category	Amount
Housing	<i>Owning</i>	\$7,313
Personal Ins. & Pensions	<i>Personal Ins. & Pensions</i>	\$6,167
Housing	<i>Utilities</i>	\$3,899
Housing	<i>Renting</i>	\$2,857
Food	<i>Food at Home</i>	\$2,717
Food	<i>Food away from Home</i>	\$2,668
Transportation	<i>Gasoline, Motor Oil</i>	\$2,631
Health Care	<i>Health Care</i>	\$2,417
Entertainment	<i>Entertainment</i>	\$2,045
Housing	<i>Apparel & Services</i>	\$1,580
Personal Care Products & Services	<i>Personal Care Products & Services</i>	\$611
Transportation	<i>Public Trans.</i>	\$360
Food	<i>Alcoholic Beverages</i>	\$324
Tobacco Products & Smoking Supplies	<i>Tobacco Products & Smoking Supplies</i>	\$212

Source: U.S. Bureau of Labor Statistics, Consumer Expenditures in 2009, News Release, USDL-10-1390, October 2010.

As of 2005, Atlanta still did not have a dominant industry, such as technology or business services, like many other metropolitans to brand itself and had established its economy around a diverse mix of industries and to create employment opportunities for residents. By the year 2010, a competitive advantage began to emerge within the Information industry. At the same time the Construction and Hospitality industries experienced declines as a result of the recession, which hindered the previous activity that brought attention to the city. Atlanta outpaced the nation in 2010 in the Information, Professional and Business Services, and Trade/Transportation/Utilities industries by 1.61%, 3.85%, and 3.77% respectively. With an

⁴ 2008-2009 Report released in 2011.

LQ⁵ of 1.63, 1.25, and 1.05 the Information, Professional and Business Services, and Financial Activities industries became the prominent areas of growth in Atlanta, with Information being the only segment that reflected a pronounced concentration and conveyance of a competitive advantage for the city. Of the top employers listed by the Metro Atlanta Chamber of Commerce 4 of the top 10 have been consistently leveraged to market the city (Delta Air Lines, Emory University/Emory Healthcare, The Coca-Cola Company, and The Home Depot, Inc.). Below, in Table 8, is the 2013 list of key employers in the market.

Table 8 - Metro Atlanta Top 10 Employers

Rank	Employer	Full-Time Equivalent (FTE) Headcount
1	Delta Air Lines	27,000
2	Wal-Mart Stores, Inc.	26,000
3	Emory University / Emory Healthcare	23,872
4	DeKalb County Government & Schools	20,405
5	AT&T	18,000
6	Publix Supermarkets	17,765
7	Cobb County School District	14,027
8	City of Atlanta Government & Schools	13,628
9	United States Postal Service - Atlanta District	10,324
10 (Tie)	The Coca-Cola Co.	9,000
10 (Tie)	The Home Depot	9,000

Source: Metro Atlanta Chamber of Commerce

Office Market Analysis

In conducting the office market analysis a review of the downtown submarket and suburban areas were reviewed to understand the true inventory currently in place. The downtown submarket boasts 49,957,754 sf of office space, in which 30,135,835 is designated as

⁵ LQ: location quotients are ratios that depict a local market's concentration of a particular industry in comparison with the national economy in the same time period.

Class A space. The suburban submarkets account for an additional 171,447,532 sf, of which 80,986,550 sf is listed as Class A space.⁶ Since Atlanta has aimed to maintain a fairly diverse base of industries for employment, office employment roles, which are predominantly in the Finance, Insurance, and Real Estate industries, account for 22.7% of the workers.

According to the CoreNet Global Real Estate 2020 Survey, the trend for allocating office space to employees will continue to decrease and is projected to be 151 sf by 2017. Based upon Q4 2013 performance, in addition to the trends, we can expect net absorption to decrease a bit in Q1 2014, employment growth and reduction in unemployment, continued investment and leasing of Class A space in lieu of Class B, and growth in the IT, Healthcare, and Homebuilding markets. In addition to this the growth of small businesses in Atlanta is still outpacing the nation, only 20% of the 1.6 msf⁷ currently under construction will be available for lease, and downtown ranked 3rd for absorption behind Buckhead and Perimeter Center in 2013. Office employment is expected to reach pre-recessions levels in Q1 2014 and the average vacancy rate stands at 18.1%, which is down from the previous reporting of 21% and continues to decline after 10 consecutive quarters of positive absorption in the market. Given the amount of space scheduled to come online and the future demand in 2020 for office space in the Central Business District, there is a project total of 6,913,464 msf in unmet demand to be accommodated.⁸ The

⁶ Square footage data gathered from Q4 2013 Office Market Reports published by Cassidy-Turley and Colliers International.

⁷ Abbreviation for Million Square Feet

⁸ A ratio of services employment to population was used to project the office demand for the CBD in 2020. Based on the current inventory available and space under construction the unmet demand was adjusted from 7,233,464 msf to 6,913,464 msf.

anticipated increase in demand will only lead to an increase in rents, which is currently averaging \$18.64 per sf in the downtown submarket for Class A space.⁹

Residential Market Analysis

The activity of the residential real estate market is heavily contingent upon its core demand drivers in any market: population changes, number and size of households, and shifts in employment. By leveraging data from the 2010 Census, 2010 American Community Survey 5-year estimates, Atlanta Regional Commission, and Bureau of Labor Statistics the following outlook for the City of Atlanta is as listed below in Table 9.

Table 9 - Residential Demand Drivers

	<i>City (2010)</i>	<i>City (2020)</i>
Population	420,003	521,953
Employment	176,010	220,380
Households	163,759	192,648
Avg. HH Size	2.56	2.71
Housing Units	224,573	NA

Source: 2010 ACS 5-Year Estimates, 2010 Census, BLS, ARC Population and Employment Forecast

By using a ratio approach to estimating housing demand a projection was done utilizing the projected population and employment numbers for the year 2020 (Rabianski, 2009). This approach allows for a substitution of population for employment to adjust for ½ earner households, but will not account for vacancies. The estimated demand for housing lies in the

⁹ Colliers International Q4 2013 Downtown: Atlanta Submarket Report

range of 279,085-281,185 units by the year 2020, which is a minimum of 56,612 more than the current supply available in the market. The amount of unmet demand in the year 2020 can be forecast through a formula that takes the net change in households, demolitions, housing conversions, excess vacancies, and new construction into consideration, including 6,000 multifamily housing units. Through this methodology a gap of 26,555 units was uncovered as the unmet demand that will need to be addressed based on the population and employment growth trends mentioned.

Retail Market Analysis

In order to determine the feasibility of proposing retail development projects in the area, an understanding of the spending power, total retail space demanded, and future supply in relation to the study area must be assessed. The gross trading area adequacy, or spending power, is calculated by using median household income and population data to determine the total disposable income (Net income) that can be used toward consumer expenditures (Fanning, 2005). Based upon the median household income data from the Decennial Census and estimated Federal and Georgia state income taxes an estimate was determined for each geographic ring as listed in Table 10.

Table 10 - Total Disposable Income

Radius (miles)	Median HH Income	Total Disposable Income
1/4	\$ 60,452	\$ 49,725,921
1/2	\$ 30,107	\$ 128,977,851
1	\$ 33,834	\$ 383,893,048
3	\$ 45,626	\$ 2,374,915,127

Source: Social Explorer Tables (SE), Census 2010, 2010
Census; Social Explorer

Considering the number of college students within the core and study area data published in a 2013 “Downtown Retail Counts” report was used to assess the spending habits, which were \$4,332 per year, per student on retail goods and services (Central Atlanta Progress, 2013). This equates to an incremental \$69,446,292 million in retail-oriented expenditures. Purchasing power was used to determine the amount of retail space demanded with the following formula: $(\text{Purchasing Power} \times \text{Percentage spent on retail goods}) / \text{Sales Per SF}$. The total demand for retail space is 83,550,772 sf. Central Atlanta Progress foresees a need of an additional 415,000 sf of retail space in the downtown submarket by 2030, considering the demand expected by development projects current taking place.

Public Transit

The Metro Atlanta Rapid Transit Authority (MARTA) is the public transportation service provider utilized by the local residents, businesses, and travelers to access various nodes in the metropolitan area, including downtown. The hub for the system, Five Points Station, resides in Downtown Atlanta and is adjacent to Underground Atlanta, while also possessing a subterranean tunnel for immediate access to the shopping/entertainment district. The hub of the MARTA systems serves as a transfer point for the East-West and the North-South rail lines.

Transit Oriented Development became a pronounced focus for MARTA in 2010 with the publication of their “T.O.D. Guidelines.” The intent was to present an approach to improve the integration of their rail stations into their respective communities, increase ridership, and incorporate New Urbanism principles designed to improve walkability, safety, and access for

patrons. MARTA's pursuit of TOD projects is an effort to foster pedestrian oriented communities that demonstrate four key principles: (1) development around stations that is both dense and compact in nature, (2) diversity in land uses, (3) foster a strong public space, and (4) provide an alternative to traditional approaches for parking (MARTA, 2010). The policy measures within Georgia's "Investing in Tomorrow's Transportation Today" plan (IT3) targets areas within ¼-mile of a rail station with a focus on "economic growth, ensuring public safety, maximizing the value of the state's assets, and protecting the environment" (MARTA, 2010).

As of 2010, the Five Points MARTA Station was experiencing an average of 22,821 entries on a daily basis (MARTA Research & Analysis, 2010). According to the demographics of the residents within a 3-mile radius of the Five Points MARTA Station, an estimated 19% of the labor force (3,808 people) use public transportation as a means of commuting to work (American Community Survey, 2006-2010). In order to accommodate the residents and visitors of this segment of Downtown Atlanta, there are 13 bus routes to provide service in relation to this station along with a shuttle service for Turner Field, the present home of the Atlanta Braves. The shuttle activity will cease at the conclusion of the 2017 Major League Baseball season when the team officially ends its residence in Atlanta and relocates to Cobb County.

Considering the desired outcomes proposed by MARTA with their TOD projects, there are previous conducted studies that identify the anticipated benefits of TODs. In 2004, the Transit Cooperative Research Program published the matrix listed below in Table 11 summarizing the positive outcomes, which have a tendency to overlap, for both the public and private sector at the primary and secondary levels.

Table 11 - Classes and Recipients of TOD Benefits

Class of Benefit:	Primary Recipient of Benefit:	
	Public Sector	Private Sector
Primary	1. Increase ridership and fare box revenues	6. Increase land values, rents, and real-estate performance
	2. Provide joint development opportunities	
	3. Revitalize neighborhoods	
	4. Economic development	
	5. Increase housing opportunities	
Secondary/Collateral	A. Less traffic congestion and VMT-related costs, like pollution and fuel consumption	H. Increase retail sales (1,2)
	B. Increase property- and sales-tax revenues (5)	I. Increase access to labor pools (A,6)
	C. Reduce sprawl/conserv open space (1,3,6)	
	D. Reduce road expenditures and other infrastructure outlays (1)	
	E. Reduce crime (3,4)	
	F. Increased social capital and public	
	G. Increased physical activity (C,E,F)	
	Note: Values in parentheses represent primary benefits and /or secondary benefits that are the source(s) of the secondary/collateral benefit listed.	
Source: TCRP Report 102; Transit-Oriented Development in the United States: Experiences, Challenges, and Prospects (p.120)		

As noted in this table, there are a number of benefits that are directly (“primary”) and/or indirectly (“secondary/collateral”) distributed to the public or private sector, which convey the potential for economic improvements unto different stakeholders in the communities surrounding these projects. With regard to Underground Atlanta and the surround community, the table

highlights several areas of concern that would receive attention, including issues with crime, problematic tax revenues, access to more of the workforce, and increased retail sales activity. All of these are elements currently ailments of the subterranean complex. Despite the emphasis on these particular benefits, a challenge lies in understanding the full impact of TODs and whether or not the gains are simply redistributive or generative in nature. Regardless of the perceived gains previously acknowledged, a 1998 study entitled “Economic Impact Analysis of Transit Investments” declared transit projects as predominantly providing cities with redistributive gains and very little by way of generative effects (Cervero, 2004). In addition to these projects being regularly viewed as methods to improve access and travel efficiencies for consumers, they are also seen as a necessary investment to maintain relocation or expansion considerations by employers in and outside of the market from an economic development point of view. The misgivings about TODs continue to be argued, but stakeholders representing redevelopment agencies, transit agencies, State DOTs, local governments, and MPOs have communicated that these projects do afford opportunities to address traffic congestion, improve neighborhoods, and increase ridership amongst other things (Cervero, 2004).

In an effort to improve the appeal and viability of downtown Philadelphia, a seemingly simple mantra was adopted: make Center City feel “clean and safe” (Levy, 2013). In order to generate greater pedestrian traffic and energy within the urban core the perception of downtown needed to be addressed to create a welcoming, walkable environment that encouraged continual visits by residents and tourists and demonstrated to the private sector that investment would be rational. The establishment of a Business Improvement District (BID) that aimed to improve the landscape of this core to support the current businesses also entailed the approval of the Center City District (CCD) in 1991 to implement plan and accomplish the goal of hosting high energy

streets on small blocks that were inviting and busy 24 hours a day. Within a 21 year period, the initiatives of the CCD to improve downtown through mechanisms that included Community Service Representatives (CSRs) to maintain sidewalk cleanliness and serve as safety ambassadors and investments into the public realm has resulted in a marked difference. Some examples include multifamily housing growth from 1 building in 1990 to 49 in 2013 and population growth downtown that now places Philadelphia behind only New York City and Chicago (Levy, 2013). The prime takeaway from Philadelphia's transition is that diversification of the activity and land uses downtown, which were solely commercially oriented in the past, has resulted in an expansion of the investments made in Center City, continual growth of the public-private partnerships, and the ability to make sure the urban core remained relevant in the 21st century.

Similar to the practices instituted by the CCD of Philadelphia, the City of Atlanta has Central Atlanta Progress, which founded the Atlanta Downtown Improvement District in 1995 as a Public-Private Partnership with the responsibility of improving the economic vitality of downtown for current patrons and those of the future. The Downtown Ambassador Force and Clean Team, streetscape improvement projects, and Atlanta Streetcar Corridor Development initiatives are all programs/projects that aid Downtown Atlanta in improving and more safe, clean, and pedestrian-oriented, which has also resulted in increased private investment over the years. The support of public-private partnerships will remain a critical component of improvement in the city for the future.

Community Economic Development

Economic development is the basis of strategies implemented by state and local governments to perpetuate growth and establish or maintain a competitive advantage with the market. For decades the customary approach hinged itself upon not only the geography and demographics of an area, in terms of the skill composition of the labor force to attract employers, but also the ability of the localities vying for opportunities to present the greatest incentive-laden package to secure an agreement. Despite the consistent implementation of strategies such as this, the growth generated by these dealings has called into question whether or not it is wise to continue down a path that oftentimes pits cities and states against each other in a bidding war that simply results in a reallocation of employment opportunities. Growth in a market at the expense of another begs one to consider a dramatic shift in the process by which economic improvement is sought out.

During the attempts of the 1920s and 1960s to establish Underground Atlanta as a viable entity for long-term success downtown there was a commitment to stimulate revenue generation through sales tax accumulation by encouraging private investment after being placed on the national registry and becoming an entertainment and shopping district. Even with the implementation of the viaducts, the operation of clubs, bars and other social establishments below the street level was supported, regardless of many of them not being legal as a result of prohibition. The city leveraged their competitive advantage of location and amenities that could not be secured elsewhere by business owners. After the end of prohibition in 1933, Atlanta offered an incentive of granting permits to restaurants and other social establishments in this

central shopping district to operate beyond traditional business hours and attract patrons by providing access to alcohol.

The historic Underground Atlanta site can be redeveloped as far more than a physical asset to the city of Atlanta by serving a dual-purpose as a revenue generating tourist mechanism, while also serving as a provider of resources needed by local residents, especially within the nearby low and moderate income communities. However, while the site is denoted as a shopping and entertainment district, in actuality exists as an under-performing festival marketplace that fails to generate revenues to justify an annual \$8 million maintenance cost. Continuing to focus solely on retailing of soft goods from variety stores will not properly account for the demand that exists by the patrons that have regular access to the facility and will continue to perpetuate the inability of the site to become an integral component of the urban core and the neighboring communities. A variation of resources beyond the current types of retail in place, to address community needs, such as a mix of uses to include healthcare service producers, business incubators, and office space for an expansion of job types would also operating income in the form of rents to sustain the site and move it toward being profitable.

Past Approaches to Revitalization

Place-based approaches were the typical form of practice when leveraging traditional economic development strategies. The general approach made by place-based strategies is to target very specific locations and places for private investment as the formula for economic growth (Sawicki & Moody, 1995). Even with a goal of creating these opportunities for investment, a comprehensive evaluation for the short and long term impacts did not exist for Underground Atlanta. The lack of a comprehensive approach showed the neglect of planning for

competition arising in neighboring counties. The city failed to establish the site around a firm competitive advantage, a quality that could not be replicated elsewhere, which led to a collapse and displacement of businesses, workers, and a loss of revenue to the government.

A variety of economic development strategies exist that impact community development and how problems of spatial mismatch, skills mismatch, access to resources and the affordability of housing are managed and resolved. Many place-based tactics seek private investment while the needs of many impoverished households fail to be included in the discussion. Historically, short-term timeframes and outlooks on projects, to show a quantifiable improvement within governmental jurisdictions, consistently drove the type of activity that would take place since support would be cast behind them. In contrast, long-term projects that had more qualitative characteristics and goals, such as improved quality of life or resident satisfaction, were regularly postponed. Arguments for people-based tactics also appeared to direct activity “to help people or households wherever they were located” (Sawicki & Moody, 1995). In hope of stimulating and supporting minority-owned businesses, Mayor Young’s negotiation of policy measures requiring their inclusion in the tenant mix of the 1989 re-opening of Underground Atlanta was also a response to the impacts of sprawl on the urban core of Atlanta. In addition to Underground Atlanta being a priority for Mayor Andrew Young, so was entrepreneurship and new business generation among minorities, especially African-Americans living in the city.

Traditional economic development

Traditional economic development approaches are known to make the private sector a priority by aiming to foster the creation of ideal markets and generous incentives that frequently include tax abatements, tax increment financing, industrial revenue bonds, enterprise zones, and

the reduction of regulations as a method of marketing a geographic location to potential employers. Cities and regions appreciate the potential for a long-term increase in the tax base and revenues, while growing the economy to maintain the ability to compete within the global marketplace, but seek quick returns on their investment. “Often, a business development perspective dominates, seeking targets of opportunity that will provide an economic boost for the region over a limited time horizon” (Teitz, 1989). However, the subsidy seems to simply equate to a subpar return since the ratio of incentives provided to the actual employment opportunities created is disproportionate and not in favor of the government (Peters & Fisher, 2004).

In the case of Underground Atlanta there were a substantial number of jobs created in the central shopping district because of a large focus on development and opening retail stores, which produced plenty of minimum-wage opportunities. However, the majority of the jobs did not go to the low-income residents in need of the earning opportunities, but instead went to other groups since there was no commitment to an equal distribution of employment. Part of the struggle was the lack of a formal economic development approach in the 1920s, as we know it today. Place, proximity, and proof were key during the industrial period and the commitment by the city was to creating an experience more than being concerned with inner-city households struggling with poverty. The proof being sought after is the ability to build and expand, versus allowing a place to “deteriorate,” which is instrumental for elected officials to maintain their political support and have something “tangible” to illustrate their perceived success (Sawicki & Moody, 1995).

Contemporary, Local Economic Development

On the other hand, a paradigm shift to local economic development strategies and practices grants cities the opportunity to establish public-private partnerships for a greater level of engagement to focus on internal development, in lieu of customary external development practices. As Krumholtz (1999) shared, local economic development takes a strategic approach to capitalizing on ‘the potential of local human, institutional and physical resources’ (Blakeley, 1989, p.59). The evolution of the philosophies to perpetuating economic growth began to encompass initiatives such as workforce development, public-private partnerships, economies of agglomeration, and expansion of community capacity. Within this context was move from place-oriented to more people-oriented ideals.

According to the definition provided by the World Bank, local economic development intends to “build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation” (“Resources,” 2013). Understanding the global market impacts on regional and local economies is essential to being able to influence communities, especially within the urban core, to promote development that satisfies the desires of those residing and/or operating within it. Local economic development initiatives can be modified to address and improve conditions within a governmental jurisdiction or used to specifically target key geographic areas, such as Underground Atlanta and working at the neighborhood level for impact. The typical goal of localized efforts is to stimulate sustainable economic growth that makes provisions for wealth creation, employment opportunities, healthy businesses growth and development, and socio-

economic mobility, especially among the low and moderate-income households in the community. The role of the neighborhood and its contributions to the regional economy tends to be overlooked based on scale, but for residents within communities experiencing concentrated poverty or other forms of economic hardship, the power they possess can be demonstrated at the local level through coalition building and expansion of the collective capacity. Though past approaches for Underground Atlanta did not involve soliciting input from the local community, the enormity of the financial burden and repetitive lack of success with the site may present a prime opportunity for the advocates of the neighborhoods to leverage and build coalitions in space that had conflicting ideologies (Teitz, 1989).

Though the core components of economic development remain the same, the philosophies have been adjusted regarding geographic location, employment resources, community resources, and the business and economic base (Leigh & Blakely, 2013). In order to improve the impact the strategies have on the local economy and take the global marketplace into consideration, shifts were made to maintain the ability to compete. Emphases moved away from physical location to a provision of an improvement of the capacity of the community and the environmental quality; a push for quantity to a drive for quality in the types of jobs and career development opportunities; a focus on export industries to one of regional clustering to bolster a local economy; and individual organizational control and input to wider perspectives and collaboration in the form of public-private partnerships (Leigh & Blakely, 2013).

Neighboring Projects

The vibrancy of the space within a 1-mile radius of Underground Atlanta and the Five Points MARTA Station will be dramatically impacted by the transformative strategies and projects that have either been proposed or are underway. From the Green Line Plan to the Atlanta Streetcar, Georgia MMPT, King Memorial MARTA Station TOD RFP, and ongoing Centennial Olympic Park developments, each will alter the past experiences of living, working, or playing in this area by generating increased pedestrian traffic and establishing an energized environment.

The Green Line Plan, a strategy shared in 2008 through a partnership between Central Atlanta Progress and HOK, was built upon the previous “Imagine Downtown” plan encompasses a vision to establish greater connectivity between the east and west portions of the city through the use of linear parks, public transit, and increased public-private investment. Also known as the “dome-to-dome” plan, the proposal seeks to encourage mixed-use development within this corridor that will include over 4.9 msf in office and retail space, plus various housing options to accommodate traditional residents and students. An intended by-product of this plan is the establishment of smaller blocks to promote walkability, an addition to the public realm by way of 12-acres of open spaces, and an expansion of transit options for the public with the MMPT.

The Georgia Multimodal Passenger Terminal (MMPT) is another proposed project that ties in directly with the aforementioned Green Line Plan. The intent of the project in capitalizing upon the rail infrastructure and underdeveloped space known as “The Gulch” is two-fold: provide greater connectivity between the region and Downtown Atlanta along with an incentive for greater private investment and business attraction to those outside of the region. The

proposed MMPT would be a 600,000 sf facility encircled with retail and commercial development, park spaces, connectivity to the MARTA rail network through Five Points Station, and serve as the hub for a regional bus network. This project alone is expecting to produce over 39,000 permanent jobs and reduce traffic congestion by reducing annual automobile trips by 13.4 million (Bleakley Advisory Group, Inc., 2012). This will become an active site with retail that could complement the activity at Underground while providing Five Points MARTA station with subterranean activity on both the east and west sides.

The Atlanta Streetcar, which is projected to commence operation in the Spring of 2014, is part of a plan to provide greater public transit access for the downtown communities that need it, while also decreasing our carbon footprint, and emphasizing more pursuits of sustainable development projects. The first phase of the Atlanta Streetcar will operate on a 2.7-mile track that anticipates 2,600 daily riders and a myriad of benefits for the environment, connectivity, and economy (Atlanta Streetcar, 2014). Some of the benefits include support of the surrounding neighborhoods as an “EcoDistrict,” an alternative for greater mobility and economic growth, and a bridging of a gap that existed between eastern and western districts of downtown (Atlanta Streetcar, 2014).

Professional Insight

Beyond the quantitative analysis performed additional insight was gathered through discussions with various stakeholders with interests in the future of Underground Atlanta and the CBD. From an economic development perspective the Underground Atlanta site poses a number of challenges that have also been expressed by Dan O’Leary and others in that being publicly

owned does not allow it to qualify for funding from the Eastside TAD. The public ownership of the project requires an additional level of approval requirements for any development proposals to move forward, which results in increased costs and time allocations for developers. Both of these elements have been a deterrent for many developers with an interest in doing some transformative with the site.

Changes within the study area since 2000 have included office conversion to condos and the Capital Gateway project, which have increased the population density around the urban core and increased demand for amenities such as retail and service providers to address consumer needs. Prior to the financial crisis, there was some interest by grocers to establish a location downtown prior to accommodate this growing population (Participant A). Retailers with smaller footprint retailers like The Boxcar Grocer or Candler Park Market have the potential to fit this need and create a unique user experience, which is key for tourism.

The lack of a tenant at the former World of Coca-Cola Museum at the eastern boundary of Underground Atlanta has also led to the void in pedestrian activity and a sentiment of it being unsafe space. In a discussion with the Georgia Department of Transportation (GDOT), it was reiterated that Georgia State University has concerns about safety in the area and does not encourage students to patronize the facility. A more positive perception and relationship with its surrounding neighbors is an essential element for prosperity at this site.

From a real estate perspective, a local real estate developer, Participant B, stated that some of the primary challenges impacting Underground Atlanta are the public perceptions of safety being a problem and the lack of visibility to the retail that exists in the facility. With Atlanta being a car-oriented city, a tremendous disadvantage to the site is the lack of signage or

visibility from vehicles to any of the tenants in the space and what they have to offer to consumers. A festival marketplace shopping center below street level and obstructed by the surrounding structures has several more challenges facing it than many of the other implementations the Rouse Company around the country.

Recommendations

The City of Houston has been able to leverage their underground tunnel system to establish a unique consumer shopping experience that continues to flourish. The key to success for the tunnel system's retail tenants has been a combination of foot traffic and a health office market environment that provides a customer base to be catered to (Wollam, 2011). The performance of the subterranean retail system is heavily linked to the uses above it and the local economy, but it has garnered the attention of national retailers who have noticed its ability to capture the office-using customers with a mix local small-business tenants. The tunnel system also provides patrons with shelter from the heat during the summer months or inclement weather throughout the year, which is something Underground Atlanta could use to its advantage during the humid days of summer in the south. The additional advantage that Underground Atlanta has is the direct access to MARTA rail, both above and below street level.

The efforts to revitalize Downtown Houston were based upon creating a unique experience that emphasize a shopping district that was easy to access by tourists, local residents, and the office population in the areas surrounding it. Some of the recommendations of the Downtown Retail Task Force in Houston included the following: Downtown should have a clearly defined retail district that is connected and easily accessible for patrons; provide a public

realm that establishes a conducive environment for local, regional, and national retailers; the provision of incentives to develop downtown; convenient parking, transit, and pedestrian access; and attract additional residential and hotel development to support retail (City of Houston, 2013). Based upon the TOD overlay district introduced by MARTA within their TOD Guidelines, there are a number of permitted and prohibited uses listed that can be leveraged in conjunction with Underground Atlanta, in its current state, to develop a greater asset to both the community and local government. Much of the challenge endured by the study area is the low population density coupled with a multitude of retail establishments that do not address daily needs of the surrounding residents. Perceptions of issues with crime and a subterranean festival marketplace have created anxiety amongst patrons. In addition, a strong conflict exists with retail real estate principles of maintaining high visibility of your site and signage to drive pedestrian and vehicle traffic.

MARTA's TOD overlay promotes walkability, public spaces, and a retail/service orientation to perpetuate a live/work/play theme. Urban core stations are afforded an F.A.R. of 8.0-30.0, plus a number of density bonuses for affordable housing provisions, vertical mixed uses, LEED/Green building certification, and public amenities to name a few, which all address some of the current issues being experienced by the surrounding neighborhoods. Income disparities and a lack of access to a diverse offering of employment opportunities, health services, quality food stores, and affordable housing are a perpetual problem throughout the community. The growing population and employment is creating more demand and an opportunity to address it lies within Underground Atlanta. Over 220,000 sf of retail space currently exists, but more traffic can be driven to the site by way of the neighboring projects in development, while also providing a constant consumer base through vertical mixed-use

development above Underground Atlanta. Retail tenants that offer goods and services to accommodate a growing student population in addition to the projected 1,300+ residential units associated with the MMPT project will aid Underground Atlanta in becoming better integrated into the community, which emphasizes the aims of MARTA's recent TOD RFPs to redevelop some of their rail stations. A multifamily and office development with service-oriented, street level retail would help meet the demand illustrated earlier in the market analysis performed.

In the past, a challenge with developing the Underground Atlanta site was the inability to secure public subsidies for further development, but with the willingness of the City of Atlanta to sell the property to a private developer, responsible development can take place that will also provide tax revenues that have not been seen in some time (The Associated Press, 2014).

Development should that supports MARTA's TOD Guidelines should be encouraged, given its provision of density bonuses for developers to capture, while accommodating the need for public spaces and fostering pedestrian oriented environments. In promoting a TOD project at this site, the facility must be inviting and be integrated into the community to establish and maintain connectivity with the surrounding development activity. The linear park system of the "Green Line Plan" emphasizes an East-West connection that abuts the site and provides an additional amenity for users to leverage that positively alters the urban core experience. Adding office and residential spaces above the existing retail not only adds to the number of consumers at the site, but can also lead to increased foot traffic consisting of local residents and tourists, eyes on the street beyond traditional business hours to improve safety and security sentiments, and a more consistent utilization of the space throughout the year.

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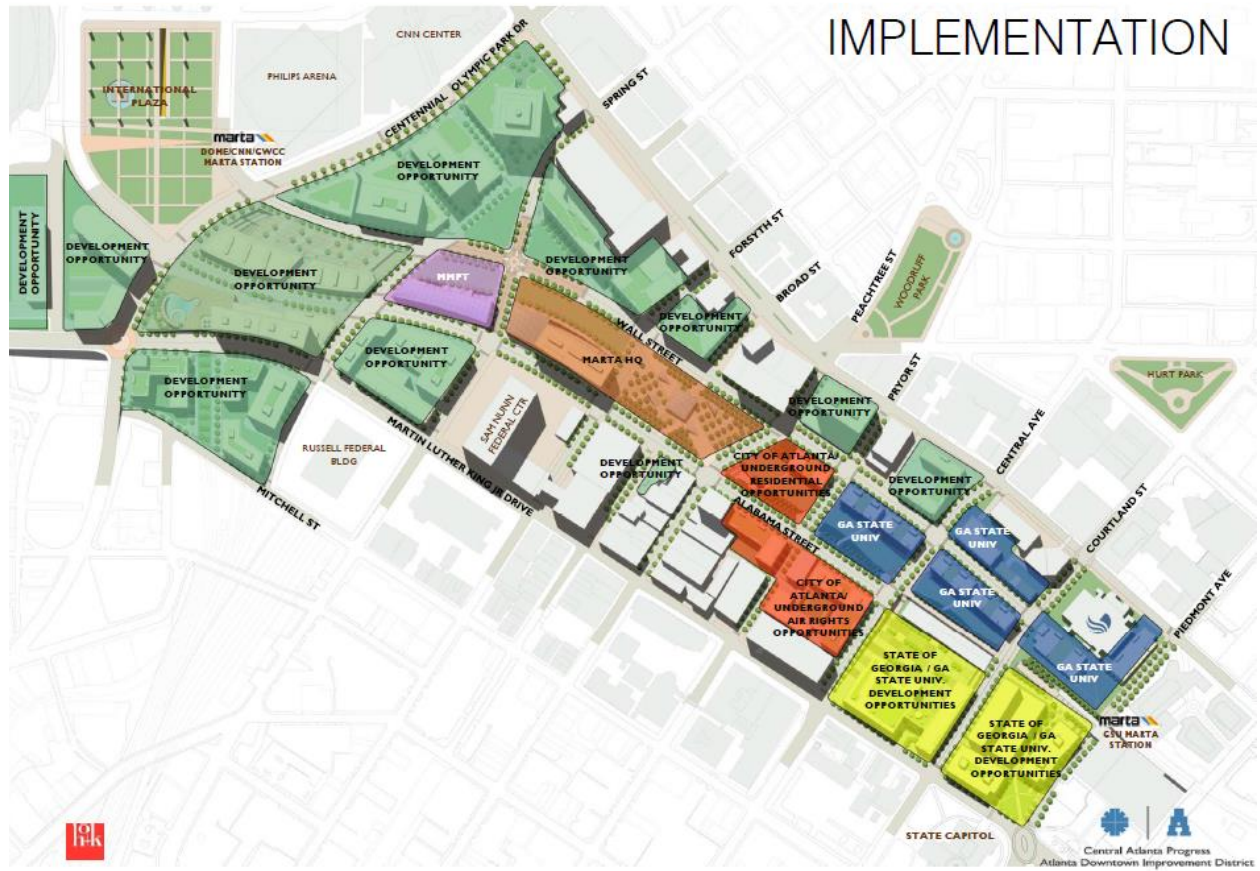
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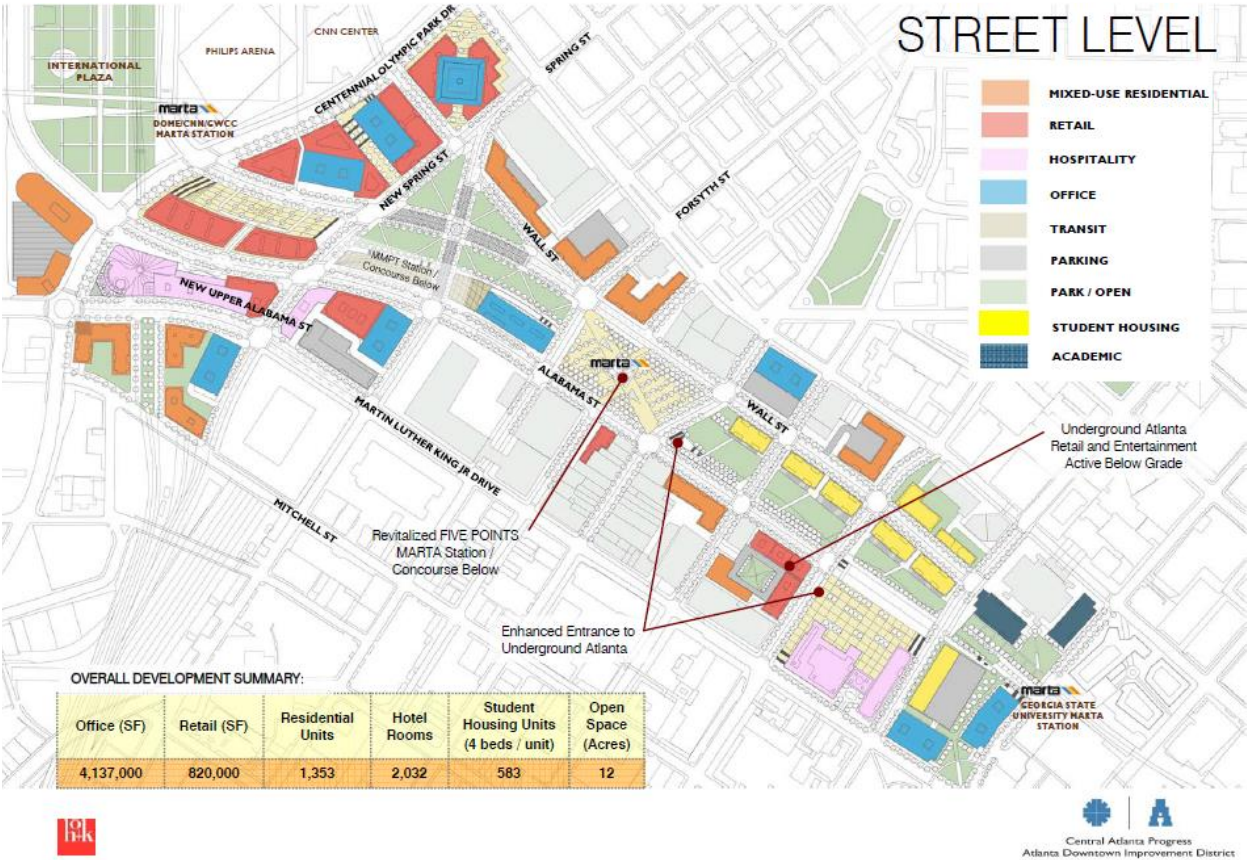
Appendix

Exhibit “A” – The Green Line Plan: Implementation Map



Source: <http://www.atlantadowntown.com/initiatives/green-line-plan>

Exhibit “B” – The Green Line Plan: Development Overview



Source: <http://www.atlantadowntown.com/initiatives/green-line-plan>

Exhibit “C” – The Multimodal Passenger Terminal: Study Area Map



MULTIMODAL PASSENGER TERMINAL CONTEXT 

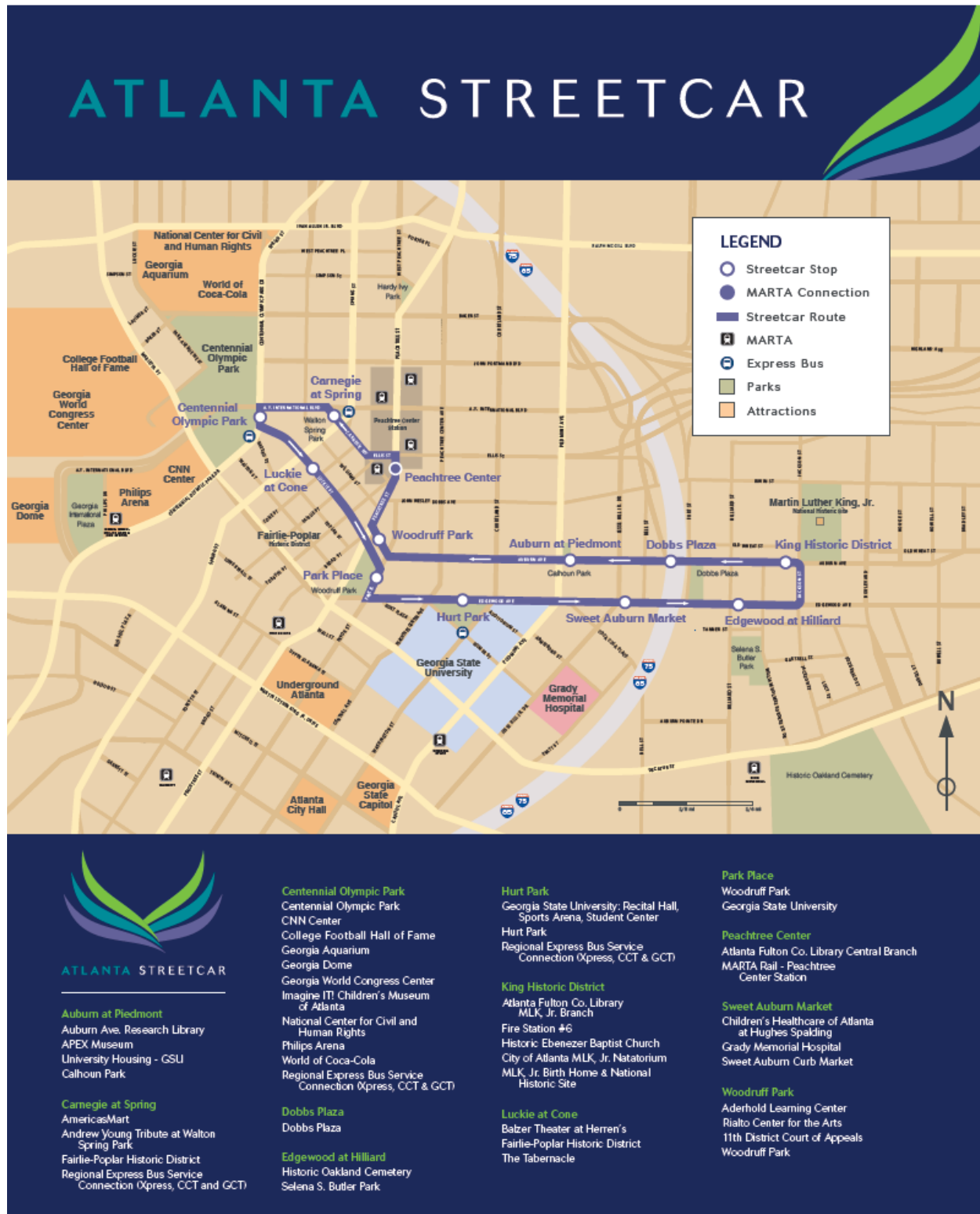
Source: <http://www.dot.ga.gov/doingbusiness/p3/projects/mmpt/Documents/StudyAreaMap.pdf>

Exhibit “D” – The Multimodal Passenger Terminal: Rendering



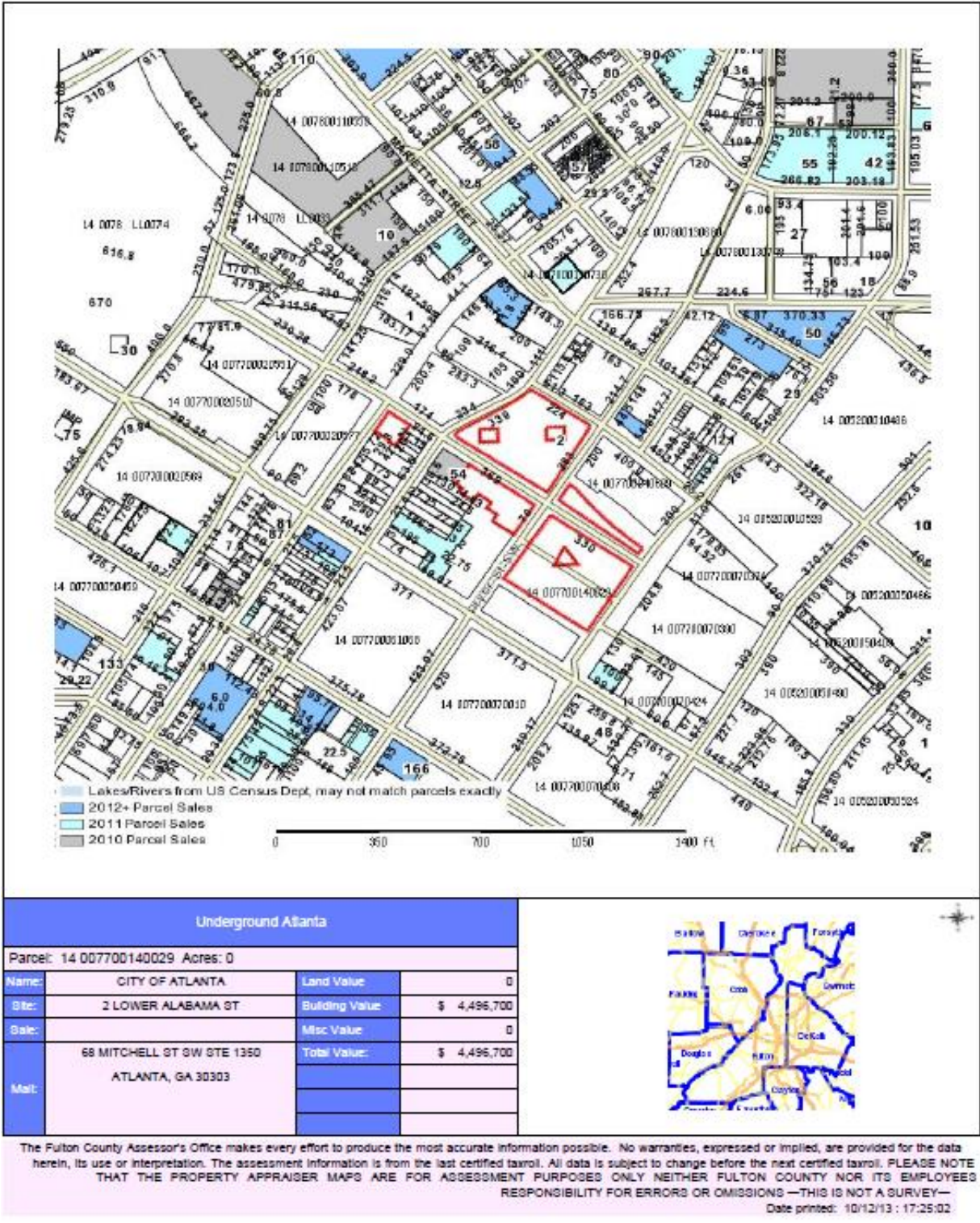
Source: http://media.cmgdigital.com/shared/lt_cache/thumbnail/715/img/photos/2013/12/27/9e/b3/MMPT-rendering.jpg

Exhibit “E” – The Atlanta Streetcar Route Map



Source: <http://streetcar.atlantaga.gov/wp-content/uploads/2013/06/AtlStreetcar-System-Map-FINAL-8-march22-2013.pdf>

Exhibit “F” – Underground Atlanta Parcel Map



Source: <http://www.qpublic.net/ga/fulton/search.html>

Exhibit “G” – Fulton County Parcel Tax Information

FULTON COUNTY

Board of Assessors

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[Recent Sales in Area](#)
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Owner and Parcel Information			
Owner Name	CITY OF ATLANTA	Today's Date	October 12, 2013
Mailing Address	68 MITCHELL ST SW STE 1350	Parcel Number	14 007700140029
	ATLANTA, GA 30303	Tax District	05W
Location Address	2 LOWER ALABAMA ST		
Zoning	HC	Acres	0
Property Class	E1-Exempt - Public Property	Parcel Map	Show Parcel Map
Neighborhood	CB04	Homestead	N

Assessment Information Show Historical Assessments						
Year	LUC	CLASS	Land Value	Building Value	Total Value	Assessed Value
2013	699	E1	\$ 0	\$ 4,496,700	\$ 4,496,700	\$ 0

Land Information						
Land Type	Land Code	Description	Square Feet	Acreage	Price	

Improvement Information	
No improvement information available for this parcel	

Accessory Information				
Description	Year Built	Area	Grade	Value
No accessory information associated with this parcel.				

Sale Information								
Sale Date	Sale Price	Instrument	Deed Book	Deed Page	Sale Qualification	Validity	Grantee	Grantor
No Sales Information available for this parcel								

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[Recent Sales in Area](#)
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Source: Fulton County Board of Aassessors: <http://www.qpublic.net/ga/fulton/>